4. IBA have advised the banks to adopt the interest rate bank of 2 per cent above and below its Prime Lending Rate (PLR) for secured advances. All the public sector banks have advised having issued necessary instructions to their controlling offices/branches in this regard.

5. Banks have been advised to open at least one Specialised SSI branch in each district. 497 such branches were functioning as on March, 2004.

6. Banks have been advised to develop schemes to encourage investment by SSI units in technology upgradation. Government also have a scheme of Credit Linked Capital Subsidy for the upgradation of the Small Scale Industries.

7. To mitigate the problem of delayed payment, banks have been advised to fix sub-limits within the overall working capital limits to the large borrowers specifically for meeting the payment obligation in respect of the purchases from SSI.

8. RBI in its Annual Statement 2005-06 had formulated a scheme of strategic alliance between branches of banks and branches of SIDBI located in the clusters, a scheme for "Small Enterprises Financial Centres".

Sanction of waiver claims from State Governments

863. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether, as a part of debt consolidation and relief facility set up for State Governments, Central Government have asked States to re-work water charges and bus fares, outsource some Government services and hire civil servants on contract, as part of measures to eliminate their revenue deficit by the year 2008-09;

(b) if so, details in regard thereto;

(c) whether any monitoring Committee has been constituted to sanction waiver claims from State Government; and

(d) if so, whether States have given their consent to these measures to earn debt write off?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. Twelfth Finance

Commission (TFC) recommended a multi dimensional restructuring of State Finances, containing, *inter-alia*, various reforms measures. Consequent to acceptance of the recommendations of the Twelfth Finance Commission a scheme "The States Debt Consolidation and Relief Facility (DCRF)" has been evolved and circulated to States. Under the scheme, State Governments are required to submit their own fiscal correction path through a letter of commitment containing various measures to augment revenues and compress expenditure.

(c) The Central Monitoring Committee has not yet been constituted.

(d) So far, Govt. of India has not received any fiscal correction path from State Governments, which outlines these measures.

Loan Council to supervise States' annual borrowings

864. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set-up any independent body like a loan council to supervise States' annual borrowings from all sources;

(b) if so, the details thereof including the Constitution and functions thereof;

(c) whether the States like the Centre would decide their annual borrowings programme within the framework of their fiscal responsibility laws; and

(d) if so, the action being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

(c) In order to avail the benefits of debt consolidation and waiver scheme recommended for the States by the Twelfth Finance Commission (TFC), States are required to fulfil certain conditions. These include passing of their Fiscal Responsibility and Budget Management Act with the core provisions recommended by TFC, which *inter alia*, include maintaining the fiscal deficit at the level of 2004-05 in subsequent years of the award